

Message Text

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ACTION ARA-10

INFO OCT-01 SS-14 ISO-00 INR-05 NSC-05 CIAE-00 NSAE-00
DODE-00 PM-03 EB-04 OES-02 L-01 TRSE-00 ACDA-10
HA-02 /057 W
-----031879 082142Z /14

R 081859Z SEP 78
FM AMEMBASSY TEGUCIGALPA
TO SECSTATE WASHDC 1491
INFO AMEMBASSY SAN SALVADOR
AMEMBASSY MANAGUA
AMEMBASSY SAN JOSE
AMEMBASSY GUATEMALA

C O N F I D E N T I A L SECTION 1 OF 2 TEGUCIGALPA 4317

LIMDIS

E.O. 11652: GDS
TAGS: PEPR, PGOV, HO
SUBJ: CONVERSATION WITH GENERAL PAZ

1. SUMMARY: I MET WITH GENERAL PAZ FOR OVER TWO HOURS ON SEPTEMBER 5. DURING COURSE OF CONVERSATION, IT BECAME EVIDENT THAT PAZ HAS DEVOTED TIME TO BECOMING INFORMED ON DEVELOPMENT PROJECTS AND WANTS TO SEE THEIR IMPLEMENTATION EXPEDITED, PARTICULARLY THE EL CAJON HYDROELECTRIC PROJECT. PAZ SAID A NUMBER OF TIMES THAT MILITARY ONLY HAVE TWO YEARS LEFT (UNTIL ELECTIONS) AND THERE ARE A NUMBER OF THINGS THEY WISH TO ACCOMPLISH BEFORE LEAVING OFFICE, INCLUDING THE PURCHASE OF UNSPECIFIED MILITARY EQUIPMENT IF POSSIBLE. PAZ RECOGNIZES OR, AT LEAST WANTED USG TO THINK, THAT ECONOMIC DEVELOPMENT IS HIGHEST PRIORITY. HE WAS ALSO VERY CONCERNED ABOUT NICARAGUA, THE SUBJECT OF SEPARATE REPORTING. END SUMMARY.

2. IN ORDER TO LEARN MORE ABOUT THE POLICIES OF HONDURAS NEW LEADERSHIP PRIOR TO MY CONSULTATIONS IN WASHINGTON, I MET WITH
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GENERAL PAZ FOR OVER TWO HOURS ON SEPTEMBER 5. THE MEETING WAS AT A PRIVATE RESIDENCE AND UNREPORTED IN THE PRESS.

3. MESSAGE FROM PRESIDENT CARTER: I DELIVERED PRESIDENT CARTER'S MESSAGE TO THE PEOPLE OF HONDURAS ON THE OCCASION OF TEGUCIGALPA'S 400TH ANNIVERSARY. PAZ WAS DELIGHTED. WITH LITTLE PROMPTING FROM ME, HE THEN SPOKE ALMOST NON-STOP ABOUT GOH POLICIES.

4. ECONOMIC DEVELOPMENT AND AGRICULTURE: PAZ EMPHASIZED THAT THERE IS LITTLE TIME LEFT TO MOVE AHEAD ON THE EL CAJON HYDROELECTRIC PROJECT AND THAT HE IS MEETING NEXT WEEK WITH HIS CABINET MINISTERS TO EXPEDITE THIS AND OTHER DEVELOPMENT PROJECTS. HE IMPLIED THAT OTHER PROJECTS WOULD BE SACRIFICED IN FAVOR OF EL CAJON, IF NEED BE. COMPLAINING ABOUT RISING COSTS AND A LACK OF IMPLEMENTATION, PAZ REELED OFF A LIST OF AREAS WHICH HE WISHES TO ENERGIZE: PRIVATE INVESTMENT, AFRICAN PALM OIL PROCESSING, A NEW INTERNATIONAL AIRPORT, IRRIGATION IN ARID CHOLUTECA AREA, FEEDER ROADS AND GENERAL COMMUNICATIONS.

5. REGIONAL DEVELOPMENT COMMITTEE: HE POINTED TO THE NEED FOR BETTER SUPERVISION OF PROJECTS IN RURAL AREAS, NOTING THAT THERE ARE OFTEN BREAKDOWNS OF MACHINERY, STOPPING WORK WHILE AN EXPENSIVE PAYROLL CONTINUES. IN ORDER TO KEEP PROJECTS ON TARGET, PAZ SAID THE REGIONAL MILITARY COMMANDERS MUST DO ALL THEY CAN TO HELP CIVILIAN MINISTRIES ASSURE PROJECT COMPLETION IN RURAL AREAS. (COMMENT: REGIONAL MILITARY COMMANDERS TRADITIONALLY PLAY AN IMPORTANT ROLE IN LOCAL AFFAIRS. THIS IS A DOUBLE-EDGED SWORD WHICH COULD BE AS MUCH OF AN OBSTACLE AS A CATALYST TO DEVELOPMENTAL ACTIVITIES. CIVILIAN MINISTRIES DO NOT WANT THE MILITARY BREATHING DOWN THEIR NECKS. BOTH MILITARY AND CIVILIAN FEAR THAT THE OTHER IS RAKING OFF FUNDS IN THE COUNTRYSIDE. WE WILL JUST HAVE TO WAIT AND SEE WHAT THESE COMMITTEES AMOUNT TO, IF ANYTHING, IN PRACTICE. END COMMENT.)
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6. ECONOMIC PLANNING: PAZ STATED THAT IN THE PAST MINISTERS HAVE NOT WORKED WELL TOGETHER AND HARMONY IS REQUIRED FOR SUCCESS OF THE 5 YEAR PLAN, PARTICULARLY WHEN IT COMES TO ALLOCATING RESOURCES. HE COMPLAINED ABOUT THE SIZE OF BUREAUCRATIC BUDGETS AND THE LACK OF VISIBLE PROJECTS IN SPITE OF ALL THE SPENDING. NEVERTHELESS, HE STATED LATER IN THE CONVERSATION THAT THE MILITARY WANT AN INCREASE IN THE MINIMUM WAGE BUT THAT THIS WOULD HAVE TO BE DISCUSSED WITH THE CENTRAL BANK. HE ALSO SAID THAT HONDURAS SHOULD STRESS THE TRAINING OF PARAMEDICS, MIDWIVES AND PREVENTIVE MEDICINE IN ITS HEALTH PROGRAMS. HIS PRACTICAL BENT WAS EVIDENT IN EDUCATION ALSO, WHERE HE FEELS SECONDARY SCHOOLS MUST TAKE A BACK SEAT TO BASIC PRIMARY EDUCATION (LITERACY).

7. AGRICULTURE: TURNING TO AN AREA OF HIGH USG INTEREST, PAZ SAID THAT AGRICULTURE MINISTER CALLEJAS HAS BEEN ASSURED THAT HIS POLICIES WILL BE ACCEPTED AND GIVEN PRIORITY. LATER PAZ OBSERVED THAT IN THE BEGINNING OF AGRARIAN REFORM THEY GAVE AWAY TOO MUCH LAND. FOR EXAMPLE, HE SAID, SIXTY CAMPESINOS WOULD ORGANIZE A COOPERATIVE AND GET A LOAN TO START WORK. BUT SOON MANY WOULD SELL OUT AND MOVE ON TO CLAIM OTHER LANDS, LEAVING PERHAPS TWENTY OR SO. THESE BECAME IN ESSENCE LARGE LAND OWNERS.

HE SAID THE CURRENT PROCESS IS MUCH BETTER NOW BECAUSE THE CAMPESEINOS ARE REGISTERED AND BETTER CONTROLLED. PAZ SAID THE GOVERNMENT WOULD LIKE TO ACCELERATE THE REFORM PROCESS (WHICH IS GENERALLY CONSIDERED TO HAVE BOGGED DOWN). HE NOTED THE NATIONAL CAMPESEINO UNION (UNC-ONE OF TWO PEASANT FEDERATIONS) IS GETTING HIGHLY POLITICIZED BY THE CHRISTIAN DEMOCRATS.

8. MILITARY AND ARMS: AFTER I NOTED THAT THE FY 1978 FMS FINANCING AGREEMENT HAD NOT BEEN SIGNED AND WOULD LAPSE IF ACTION WERE NOT TAKEN BEFORE SEPTEMBER 30, GENERAL PAZ REPLIED THAT HE WAS WELL AWARE OF THE PROBLEM AND THAT HONDURAS WOULD SIGN IN TIME. HE AGREED TO HAVE ONE OF HIS DEPUTIES DISCUSS THIS WITH OUR MILITARY GROUP. I THEN TURNED TO ARMS ACQUISITIONS AND INQUIRED ABOUT GOH POLICIES. WITHOUT ANY HESITATION HE SAID THEY KNOW THAT THE

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ONLY TIME THE ARMED FORCES WILL BE ABLE TO BUY ARMS IS DURING THE TIME LEFT BEFORE THE RETURN TO CIVILIAN RULE. HE SAID THEY STILL LACK EQUIPMENT, AND THAT THEY NEED TO ACQUIRE SOME, BUT PERHAPS IT WILL BE NEXT YEAR. HE SAID IT REMAINS TO BE SEEN WHETHER HONDURAS WILL BE ABLE TO MAKE FURTHER PURCHASE OR NOT,

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HA-02 /057 W
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R 081859Z SEP 78
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BUT DID NOT SPECIFY WHAT EQUIPMENT OR WHETHER THE CONSTRAINT WAS FINANCIAL OR TRANSFER PERMISSIONS. HE THEN RECALLED THE 1969 WAR AND HOW THE ARMED FORCES HAD NOT BEEN PREPARED. PAZ SAID QUOTE WE HAVE BEEN CRITICIZED FOR BUYING ARMS, BUT OUR CRITICS FORGET THAT WE BOUGHT NOTHING FROM 1969 TO 1974 AND THAT OUR EQUIPMENT WAS A SHAMBLES. UNQUOTE. HE SAID WHEN OUR GOVERNMENT BOUGHT THE FIRST F-86'S FOR SOME REASON THE SALES WERE NOT GOVERNMENT TO GOVERNMENT, BUT THROUGH AN AGENCY AND THE PLANES WERE NOT FLYABLE. THESE PAST TWO YEARS WE HAVE BOUGHT SEVERAL ITEMS (SUPER MYSTERES, LIGHT TANKS, TRUCKS, HOWITZERS) BUT WHEN YOU PUT IT IN CONTEXT THE MILITARY WAS EQUIPPING ITSELF FROM SCRATCH.

9. BORDER DISPUTE: PAZ STATED THAT HONDURAS HAS NO AGGRESSIVE INTENTIONS BUT IF THERE WERE A WAR, IT HAD TO BE ABLE TO DEFEND ITSELF. BUT, HE ADDED, WE WILL NOT FIGHT FOR A LITTLE PIECE OF LAND. WITH EL SALVADOR THERE ARE SOME NATURAL BORDERS, AND IT IS ONLY THE SIX DISPUTED POCKETS (BOLSONOS) WHICH ARE TROUBLESOME. PAZ SAID THAT MEDIATION IS A LONG PROCESS. WHEN EL SALVADOR HAS A

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NEW GOVERNMENT THEY SAY THEY CAN'T TALK BECAUSE THEY ARE TOO NEW. AND WHEN THE GOVERNMENT IS ABOUT TO CHANGE THEY CAN'T DISCUSS THE ISSUE BECAUSE THEY WON'T BE AROUND VERY LONG. HE SAID THIS IS A GAME SALVADOR HAS PLAYED FOR A LONG TIME, SALVADOR ALWAYS WANTS MORE TIME. PAZ SAID HE DOESN'T UNDERSTAND WHY. AND HE DOESN'T KNOW ANY ALTERNATIVES TO THE PROBLEM. AT ANOTHER POINT IN THE CONVERSATION, HE SAID THAT IF THEY RESOLVE THE BORDER ISSUE SOON, THEY WILL BE ABLE TO REVIVE THE COMMON MARKET. IT IS THEREFORE IMPORTANT, HE CONCLUDED, TO MAKE SURE THE PRIVATE SECTOR IS HELPED (SO IT CAN COMPETE AGAINST ITS MORE EFFICIENT NEIGHBORS).

10. COMMENT: IF THIS CONVERSATION IS A VALID INDICATOR, IT IS CLEAR THAT THE MILITARY INTEND TO RELINQUISH THE GOVERNMENT IN 1980 BUT BEFORE THEN WILL PLACE STRONG EMPHASIS ON EFFECTIVE IMPLEMENTATION IN THE ECONOMIC AND AGRARIAN FIELDS. WE WILL HAVE TO BE ALERT TO THEIR MILITARY PURCHASING INTENTIONS BUT IT APPEARS THAT THESE WILL BE MODERATED BECAUSE OF ECONOMIC PRIORITIES. HIS FRANKNESS IN ACKNOWLEDGING THAT ARMS PURCHASES WERE STEPPED UP TO MAKE UP FOR PRIOR OBSOLESCENCE AND TO OBVIATE HAVING TO DEAL THEREAFTER WITH A CIVILIAN GOVERNMENT HELPS TO CLARIFY THIS ISSUE.

11. WHILE BASIC HUMAN RIGHTS INCLUDING PRESS FREEDOM AND ANTI-NARCOTICS EFFORTS DID NOT FIGURE PROMINENTLY IN THE CONVERSATION, IN PARTING I TOLD PAZ THAT I WOULD BE REPEATING HIS WORDS ON THESE SUBJECTS TO WASHINGTON. PAZ UNDERSTAND WE ARE WATCHING HIS ACTIONS CAREFULLY IN THESE FIELDS.

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 08 sep 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978TEGUCI04317
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780367-0074
Format: TEL
From: TEGUCIGALPA
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780986/aaaactdn.tel
Line Count: 225
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: be201054-c288-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 14 jul 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1497228
Secure: OPEN
Status: NATIVE
Subject: CONVERSATION WITH GENERAL PAZ
TAGS: PEPR, PGOV, HO, US
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/be201054-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014